LAING HOUSE ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2016

COLLINS BARROW

LAING HOUSE ASSOCIATION
INDEX
DECEMBER 31, 2016

COLLINS BARROW

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of:
Laing House Association

We have audited the accompanying financial statements of **Laing House Association**, which comprise the statement of financial position as at December 31, 2016 and the statements of operations, changes in fund balances and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Laing House Association** as at December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Collins Barrow SNS Inc.

Dartmouth, Nova Scotia
June 6, 2017

Chartered Professional Accountants
Licensed Public Accountants

LAING HOUSE ASSOCIATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	$	$
REVENUES		
Contributions from Laing House Foundation (Note 8)	**343,000**	300,900
Nova Scotia Department of Health and Wellness	**240,000**	240,000
Youth Speak program (Note 8)	**39,028**	61,427
Property tax rebate (Note 9)	**18,427**	13,000
Grants	**15,671**	9,482
Community Development and Peer Mentor programs (Note 8)	**6,599**	72,450
Training fees and honorariums	**110**	6,523
Interest income	**43**	-
	662,878	703,782
OPERATING EXPENSES		
Core programming costs	**320,201**	300,210
General and administrative	**125,014**	131,927
Occupancy	**86,203**	105,988
Community Development and Peer Mentor programs	**60,262**	73,250
Youth Speak program	**38,517**	61,029
Communications	**21,303**	19,136
Amortization	**16,140**	18,900
	667,640	710,440
DEFICIENCY OF REVENUES OVER EXPENSES	**(4,762)**	(6,658)

LAING HOUSE ASSOCIATION
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Operating Fund $	Capital Fund $	**2016 $**
FUND BALANCES - beginning of year	249,640	381,855	**631,495**
Deficiency of revenues over expenses	(4,762)	-	**(4,762)**
Amortization of capital assets	16,140	(16,140)	**-**
FUND BALANCES - end of year	261,018	365,715	**626,733**

	Operating Fund $	Capital Fund $	2015 $
FUND BALANCES - beginning of year	238,941	399,212	638,153
Deficiency of revenues over expenses	(6,658)	-	(6,658)
Purchase of capital assets	(1,543)	1,543	-
Amortization of capital assets	18,900	(18,900)	-
FUND BALANCES - end of year	249,640	381,855	631,495

LAING HOUSE ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

	2016	2015
	$	$
ASSETS		
CURRENT		
Cash	**199,024**	243,377
Accounts receivable (Note 3)	**24,858**	15,238
Prepaids	**6,322**	5,104
	230,204	263,719
DUE FROM LAING HOUSE FOUNDATION (Note 4)	**76,102**	58,445
CAPITAL ASSETS (Note 5)	**365,715**	381,855
	672,021	704,019
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	**38,082**	65,318
Deferred revenue (Note 7)	**7,206**	7,206
	45,288	72,524
FUND BALANCES		
OPERATING FUND		
Restricted	**7,206**	7,206
Unrestricted	**253,812**	242,434
	261,018	249,640
CAPITAL FUND	**365,715**	381,855
	626,733	631,495
	672,021	704,019

Approved by the Board

_______________________________ **Director**

_______________________________ **Director**

LAING HOUSE ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	$	$
CASH PROVIDED BY (USED FOR):		
OPERATING		
Deficiency of revenues over expenses	**(4,762)**	(6,658)
Item not affecting cash		
Amortization	**16,140**	18,900
	11,378	12,242
Changes in non-cash working capital items		
Accounts receivable	**(9,620)**	74,877
Prepaids	**(1,218)**	(559)
Accounts payable and accrued liabilities	**(27,236)**	(2,162)
	(26,696)	84,398
FINANCING		
Cash transactions with Laing House Foundation	**(17,657)**	(56,069)
INVESTING		
Acquisition of capital assets	**-**	(1,543)
CHANGE IN CASH	**(44,353)**	26,786
CASH - beginning of year	**243,377**	216,591
CASH - end of year	**199,024**	243,377

1. OPERATIONS

Laing House Association ("the Association") was registered under the Societies Act of Nova Scotia on February 28, 2000 and operates a community support centre located in Halifax, Nova Scotia and provides programming in communities across the Province of Nova Scotia for youth aged 16-30 living with psychotic, mood or anxiety disorders. As an organization rooted in youth leadership and peer support, the Association engages youth with mental illness as both recipients and providers of service. Youth are engaged through an ongoing process designed to enable them to identify and build on their assets and strengths, reach their goals, and develop leadership and mentorship roles. The Association receives funding from the Laing House Foundation to support its operations.

The Association's mission is to empower youth living with mental illness through innovative youth engagement and peer support. Through involvement in Laing House, members find their path - building friendships, reducing isolation, increasing their self esteem, wellness and ability to cope, furthering their education, securing employment and living independently.

The Association is a registered charity as defined in the Section 149.1(1) of the Income Tax Act, and accordingly, is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

<u>Basis of accounting</u>

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

<u>Fund accounting</u>

Operating Fund

The Operating Fund is used to account for the primary operations of the Association, including costs relating to programs, administration and operation of premises. Government grants and other support recorded directly by this fund include only those available for unrestricted purposes.

Capital Fund

The Capital Fund is used to account for capital assets, including their acquisition, financing, amortization and disposal. Operating costs of capital assets are accounted for by the Operating Fund. Contributions to the Capital Fund are internally restricted.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash

Cash consists of cash on hand and bank balances held with a financial institution.

Capital assets

Capital assets are recorded at cost less investment tax credits. Amortization is provided for using the following rates and method over their estimated useful lives as follows:

Buildings	4%	Diminishing balance
Equipment	5%	Diminishing balance
Furniture and fixtures	30%	Diminishing balance
Computer equipment	30%	Diminishing balance

One half year's amortization is taken in the year of acquisition.

Impairment of long-lived assets

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. Any impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Revenue recognition

The Association follows the deferral method of accounting for contributions.

Restricted contributions for expenses of future periods are deferred and recognized as revenue in the same period or periods as the related expenses.

Unrestricted contributions are recognized as revenue of the Operating Fund when received or receivable.

Contributed goods and services

Contributed materials and services are recognized in the financial statements when their fair value can be reasonably determined and they are used in the normal course of the Association's operations and would otherwise have been purchased.

The Association benefits from donated services in the form of volunteer time for various programs and objectives of the Association. Due to the difficulty of determining their fair value, these contributed services are not recognized in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingencies at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for items and matters such as useful lives of capital assets and certain accrued liabilities. Actual results could differ from those estimates.

Financial instruments

Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable, and amounts due from Laing House Foundation.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in the statement of operations. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of any reversal is recognized in the statement of operations.

3. ACCOUNTS RECEIVABLE

	2016	2015
	$	$
Contributions receivable	**383**	1,089
HST recoverable	**24,475**	14,149
	24,858	15,238

4. DUE FROM LAING HOUSE FOUNDATION

This loan to Laing House Foundation, related through common control, has no set terms of repayment and is non-interest bearing.

5. CAPITAL ASSETS

	Cost $	Accumulated Amortization $	**Net 2016 $**	Net 2015 $
Land	136,200	-	**136,200**	136,200
Buildings	311,456	118,345	**193,111**	201,157
Equipment	17,415	3,586	**13,829**	14,557
Furniture and fixtures	63,633	50,700	**12,933**	16,166
Computer equipment	88,340	78,698	**9,642**	13,775
	617,044	251,329	**365,715**	381,855

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016 $	2015 $
Trade payables	**16,582**	45,736
Accrued liabilities	**21,499**	19,582
	38,081	65,318

7. DEFERRED REVENUE

Deferred revenue consists of externally restricted contributions received for the Post Stigma Project of $7,206 (2015 - $7,206).

8. RELATED PARTY TRANSACTIONS

During the year, the Association entered into transactions, recorded at exchange values, with the Laing House Foundation as follows:

a) The Association received contributions in the amount of $343,000 (2015 - $300,900), including $24,031 (2015 - $50,900) to fund capital projects, from the Laing House Foundation.

b) The Association received $6,599 (2015 - $72,450) from the Laing House Foundation to fund Community Development and Peer Mentor programs.

c) The Association received $39,028 (2015 - $61,427) from the Laing House Foundation to fund the Youth Speak program.

These contributions are recorded as revenue in the statement of operations.

9. PROPERTY TAX REBATE

Under Halifax Regional Municipality By-Law T-200, the Association is entitled to a reduction in its property taxes such that it pays property tax at 50% of the residential rate instead of the full commercial rate. The Association records property tax expense at the full commercial rate and recognizes the resulting reduction as property tax rebate revenue.

10. FINANCIAL INSTRUMENTS

Risks and concentrations

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure and concentrations at December 31, 2016.

It is management's opinion that the Association is not exposed to significant market, currency, interest rate or price risk from its financial instruments. The risks arising on financial instruments are limited to the following:

10. FINANCIAL INSTRUMENTS (Continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Association to concentrations of credit risk consist of cash and accounts receivable. The Association deposits its cash in a reputable financial institution and therefore believes the risk of loss to be remote. The Association is exposed to credit risk from contributions receivable. The Association believes this credit risk is minimized as the Association has a strong history of collection. A provision for impairment of accounts receivable is established when there is objective evidence that the Association will not be able to collect all amounts due.

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Association generates sufficient cash flow from operating activities to fund operations and fulfil obligations as they become due.

11. ECONOMIC DEPENDENCE

The Association generates substantially all of its revenues from Laing House Foundation and from the Nova Scotia Department of Health and Wellness, which represent 59% and 36% (2015 - 62% and 34%) of total revenues respectively.